Supreme Court, U.S.
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No. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

DORF & STANTON COMMUNICATIONS, INC. and HILL, HOLLIDAY, CONNORS, COSMOPULOUS, INC., and

JOHN LABATT LIMITED; LABATT BREWING COMPANY LIMITED; LABATT USA, INC.; and LABATT IMPORTERS, INC,

Petitioners,

v.

MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLET IMPORTING CO., and MOLSON BREWERIES OF CANADA, LTD.,

Respondents.

Petition for a Writ Of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Should the federal circuit courts be required to apply the same standard of review to attorney-client privilege or work product doctrine issues so that the federal courts apply the privilege and doctrine uniformly?

2. Does Federal Rule of Civil Procedure 83(a)(2) preclude the use of a local rule more stringent than the Federal Rules to cause a loss of the right to the attorney-client privilege or the work product doctrine?

3. Is waiver of the attorney-client privilege or work product doctrine a mandatory sanction for failure to comply with Federal Rules of Civil Procedure 45(c)(2)(B) and 45(d)(2)?

PARTIES TO THE PROCEEDINGS

All parties to the proceedings in the lower courts are listed on the front cover of the petition.

RULE 29.6 STATEMENT

Pursuant to Rule 29.6 of the Rules of this Court, Petitioners state as follows:

Petitioner Dorf & Stanton Communications, Inc. is a corporation formed under the laws of New York and is a wholly-owned subsidiary of Shandwich North America, which is a holding company wholly owned by Shandwich PLC, a British Corporation for which no shares are issued to the public.

Petitioner Hill, Holliday, Connors, Cosmopulous, Inc. is a corporation formed under the laws of Massachusetts for which no shares are issued to the public.

Petitioner John Labatt Limited states that its parent company is Labatt Brewing Company Limited and that John Labatt Limited owns no nonwholly owned subsidiaries.

Petitioner Labatt Brewing Company Limited states that its parent company is Fraber B.V., a subsidiary of Interbrew S.A./N.V. and Interbrew Belgium S.A. Labatt Brewing Company Limited owns the following nonwholly owned subsidiaries: Toronto Blue Jays Baseball Limited, Guiness Canada Limited, Mico Investments Limited, FEMSA, Cerveza S.A. de C.V., Brewers Retail Inc., Secret Vision Limited, BCL Entertainment Corp., and SkyDome Corporation.

Petitioner Labatt USA, Inc. has been merged into Labatt USA, L.L.C. Labatt USA, L.L.C. states that its parent companies are LF Holdings I, L.L.C. and LF Holdings II, L.L.C. Labatt USA, L.L.C. owns no nonwholly owned subsidiaries.

Petitioner Labatt Importers, Inc. has been merged into Labatt USA, L.L.C. Labatt USA, L.L.C. states that its parent companies are LF Holdings I, L.L.C. and LF Holdings II, L.L.C. Labatt USA, L.L.C. owns no nonwholly owned subsidiaries.

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The Petitioners Dorf & Stanton Communications, Inc., Hill, Holliday, Connors, Cosmopulous, Inc., John Labatt Limited, Labatt Brewing Company Limited, Labatt USA, Inc. and Labatt Importers, Inc. (collectively "Dorf & Stanton" or "Petitioners") respectfully pray that a Writ of Certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit entered in *Dorf & Stanton Communications, Inc. v. Molson Breweries,* 100 F.3d 919 (Nov. 8. 1996).

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Federal Circuit is reported at 100 F.3d 919, and is reprinted in the Appendix at 1a.

The order of the United States Court of Appeals for the Federal Circuit denying petitioners' petition for rehearing and suggestion for rehearing *in banc*, which is unreported, is reprinted in the Appendix at 36a.

The order of the United States District Court for the Southern District of New York (Patterson, J.), which is unreported, is reprinted in the Appendix at 19a.

The opinion and order of the United States District Court for the Southern District of New York (Paterson, J.) denying Dorf & Stanton's request for reargument, which is unreported, is reprinted in the Appendix at 21a.

The judgment of the United States District Court for the Southern District of New York (Paterson, J.), which is unreported, is reprinted in the Appendix at 25a.

JURISDICTION

The jurisdiction of the United States District Court for the Southern District of New York was invoked under 28 U.S.C. § 1331 because this action sought enforcement of a subpoena ancillary to a pending action in another federal district court. The District Court entered a final judgment on January 20, 1995, ordering Dorf & Stanton to produce the documents listed on its privilege log. App. at 21a.

The jurisdiction of the United States Court of Appeals for the Federal Circuit was invoked under three separate grounds: (1) as a collateral order under 28 U.S.C. § 1291; (2) as a certified interlocutory order under 28 U.S.C. § 1292(b); or (3) as

an order justifying a writ of mandamus under 28 U.S.C. § 1651. The United States Court of Appeals for the Federal Circuit entered a final judgment on November 8, 1996. App. at 1a . The Federal Circuit denied plaintiffs' petition for rehearing and suggestion for rehearing *in banc*, in a ruling which was entered on January 10, 1997. App. at 36a.

The jurisdiction of this Court to review the judgment of the United States Court of Appeals for the Federal Circuit is invoked under 28 U.S.C. 1254(1). This petition for writ of certiorari is being timely filed.

STATUTORY PROVISIONS INVOLVED

1. Federal Rule of Civil Procedure 45(c)(2)(B).

> Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of the subpoena or before the time specified for compliance if such time is less than 14 days after service, serve upon the party or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection has been made, the party serving the subpoena may, upon notice to the person commanded to produce, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.

2. Federal Rule of Civil Procedure 45(d)(2).

When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.

3. Federal Rule of Civil Procedure 83(a)(2).

A local rule imposing a requirement of form shall not be enforced in a manner that causes a party to lose rights because of a nonwillful failure to comply with the requirement.

4. Civil Rule 46(e)(2)(ii)(A) of the Southern District of New York.

Where a claim of privilege is asserted in objecting to any interrogatory or document demand, or sub-part thereof, and an answer is not provided on the basis of such assertion,

> (ii) the following information shall be provided in the objection, unless divulgence of such information would cause disclosure of the allegedly privileged information:
>
> > (A) for documents: (1) the type of document; (2) general subject matter of the document; (3) the date of the document; (4) such other information as is sufficient to identify the document for a subpoena duces tecum, including, where appropriate, the author of the document, the addressee of the document, and, where not apparent, the

relationship of the author and addressee to each other.

STATEMENT OF THE CASE

In May, 1994, attorneys for Labatt Brewing Company held a meeting to discuss litigation being pursued by the company against various other beer brewers. The purpose of the meeting was to give legal advice regarding the marketing and promotion of Labatt's products, which were the subject of the litigation, to Labatt's public relations firm, Dorf & Stanton, and to Labatt's advertising agency, Hill, Holliday, Connors, Cosmopulous, Inc. During the meeting, employees of Dorf & Stanton took handwritten notes of the legal advice Labatt's attorneys provided, with respect to advertising and marketing guidelines consistent with Labatt's strategy in the litigation.

In September, 1994, defendant Miller Brewing Company subpoenaed those handwritten employee notes. Dorf & Stanton objected based on the attorney-client privilege and work product doctrine. The dispute was heard by the United States District Court for the Southern District of New York, whose jurisdiction was invoked under 28 U.S.C. § 1331 because this action sought enforcement of a subpoena ancillary to a pending action in another federal district court. The district court rejected Dorf & Stanton's claim and ordered the employee notes produced. App. at 19a. The district court also held that even if the documents were protected from production, Dorf & Stanton waived the privilege by failing to comply with one of the court's local rules, even though Dorf & Stanton had complied with the less strict Federal Rules of Civil Procedure ("Federal Rules"). App. at 21a-22a. Dorf & Stanton appealed to the Federal Circuit, which refused to reverse the district court because, in denying Dorf & Stanton's claim, it had not abused its discretion. App. at 8a - 9a.

At issue in this case is whether a district court's decision regarding the attorney-client privilege and work product doctrine is to be reviewed *de novo* or by the abuse of discretion standard, and whether the nonwillful failure to comply with a local rule, which requires more detail in the privilege log than is required by the Federal Rules, results in a waiver of the attorney-client privilege and disclosure of work product.

The Federal Circuit reviewed the district court decision under an abuse of discretion standard. App. at 6a-7a. As a consequence, it did not consider for itself the contents of the documents or the context in which they were prepared to determine the issue of whether a privilege had been waived. By its refusal to conduct a first-hand examination of the documents, the Federal Circuit has ignored this Court's holdings which direct that the district and circuit courts must go to great lengths to protect the oldest of the common law privileges. This Court should reverse and remand this matter to the Federal Circuit to review the district court's decision *de novo.*

Additionally, the Federal Circuit ignored Federal Rule 83(a)(2), which prohibits district courts from enforcing a local rule if the local rule is stricter than a Federal Rule, and if enforcement of the local rule denies rights otherwise protected by the Federal Rules. The district court found that Dorf & Stanton waived the attorney-client privilege because the privilege log it had provided in response to Miller's subpoena, while meeting the Federal Rules, did not meet the stricter standards of the local rule. App. at 21a-22a . However, Federal Rule 83(a)(2) prohibits punishing a party which has complied with the Federal Rules, even if it has fallen short of stricter local rules. This Court should clarify the effect of Federal Rule 83(a)(2) and remand this case so that Dorf & Stanton's privilege is not forfeited by a subordinate local rule.

D. *Factual Background.*

On March 29, 1993, Labatt, a beer brewer, filed suit in the U.S. District Court for the Eastern District of Michigan against Miller, a competitor, alleging trademark infringement, unfair competition and false advertising related to Miller's use of beer trademarks coined by Labatt, including "Ice Beer" and "Ice Brewing." On April 19, 1994, Labatt filed a second suit against Miller for infringement of Labatt's patented process, labeled "Ice Brewing," for reducing in beer a byproduct of the brewing process termed chill haze. The cases have been consolidated for purposes of discovery.

1. *The May 9, 1994 Meeting.*

Because four lawsuits were pending regarding Labatt's patent, trademark and false advertising claims, Rick Skawinski, counsel for Labatt USA, and responsible for its compliance with U.S. laws governing advertising and promotion of beer products, suggested a meeting be held with James Emmerton, the general counsel of John Labatt Limited, Labatt USA's parent, and key Labatt employees and principals of Labatt USA's advertising agency and promotion firm. The meeting was conducted on May 9, 1994, at which Mr. Emmerton and Mr. Skawinski shared with the participants the issues raised in the litigation, Labatt's litigation strategies for the cases, and limitations on the type and content of advertising and promotions for Labatt's patented process and its Ice beer products which had to be imposed while the cases were pending.

The attendance of representatives of Dorf & Stanton, Labatt's U.S. promotional firm, and Hill, Holliday, Labatt's U.S. advertising agency, was essential to insure that while the cases were pending, their activities for Labatt were in line with the legal restrictions set out by Labatt's attorneys and were consistent with the position Labatt was taking in the litigation.

At issue here is whether notes of the meeting prepared by representatives of Dorf & Stanton are protected from discovery because of the attorney-client privilege and the work product doctrine. The notes contain the mental impressions and the strategy of the Labatt lawyers regarding the pending cases. The notes were withheld from production under Federal Rule 26(b)(3).

2. *The Subpoena Served on Dorf & Stanton.*

On September 20, 1994, Miller served a subpoena on Dorf & Stanton ancillary to a case between Miller and Labatt, attempting to obtain the Dorf & Stanton employees' notes. Dorf & Stanton objected, claiming the notes were protected from discovery by the attorney-client privilege and work product doctrine. Four of these documents were withheld in their entirety and were identified on a privilege log (the "First Log"), and the remainder were produced to Miller in redacted form with the legends "Redacted" and "Redacted-Privileged."

Miller moved to compel the production of the four documents on the First Log on November 9, 1994. However, Miller never objected to the sufficiency of the description of the privileged documents. The district court so acknowledged. After a hearing on November 22, 1994, but without reviewing the four documents on the First Log, the district court ordered Dorf & Stanton to produce the employee notes on the ground that Dorf & Stanton had waived any claim of privilege, that there had been no showing that Dorf & Stanton sought legal advice from Labatt, and that discussions not conducted "in-house" are not entitled to protection under the attorney-client privilege.

Dorf & Stanton then produced the first three of the documents on the First Log. However, in investigating the circumstances surrounding the fourth document, Dorf & Stanton's attorneys confirmed that these notes contained privileged communications with Labatt's attorneys. In fact,

documents generated at the same meeting with those attorneys, also privileged, had been produced redacted on the basis of the attorney-client privilege. Miller never objected to that redaction.

Dorf & Stanton then prepared and served on Miller an expanded privilege log (the "Second Log") which listed the fourth document from the First Log and provided more detailed information about the documents which had been produced in redacted form with the legends "Redacted" or "Redacted-Privileged." Dorf & Stanton filed a Motion for Modification with the district court which sought (1) to exempt the fourth document on the First Log from the previous order compelling production, and (2) a protective order preventing the production of the remaining documents on the Second Log. Dorf & Stanton submitted affidavits along with its Motion for Modification giving specific facts from which Miller and the district court could determine the basis of Dorf & Stanton's privilege claims for all of the documents on the Second Log. Dorf & Stanton also filed *in camera* unredacted copies of all documents on the Second Log.

E. *District Court Decision.*

On January 4, 1995, the district court held a hearing on Dorf & Stanton's Motion for Modification and reviewed all of the material submitted with it. It ruled that:

(1) Nonparty Dorf & Stanton's privilege log did not comply with the stringent requirements of Civil Rule 46(e)(2)(ii)(A) of the Southern District of New York ("Local Rule 46(e)(2)"), even though Local Rule 46(e)(2) does not apply to nonparties. App. at 21a-22a.

(2) Dorf & Stanton's privilege log did not contain the detail required by Federal Rules 45(d)(2) and 26(b)(5) to allow Miller to assess the applicability of the privilege, even though Miller had never

raised the point and despite the fact that Miller had sufficient detail to advance its claim against the privilege. *Id.*

(3) None of the documents Dorf & Stanton sought to protect was privileged because they concern business advice rather than legal advice. App. at 23a .

The district court misinterpreted Local Rule 46(e)(2) and Federal Rule 26(b)(5) in applying them to nonparty Dorf & Stanton. The disclosure requirements of both of those rules do not apply to nonparty subpoenas. Disclosure of privilege claims for subpoenaed documents is controlled by Federal Rule 45, which Dorf & Stanton satisfied, as acknowledged by Miller when it requested that documents on the list be produced.

Under Federal Rule 45, waiver of the privilege is not automatic. Waiver occurs only if the subpoenaing party is somehow prejudiced or if the offending party acts in a flagrant manner. In the instant case, immediately after the district court *sua sponte* raised the issue of the specificity of Dorf & Stanton's disclosure, Dorf & Stanton complied with Federal Rule 45 by providing the court and Miller with five affidavits that painstakingly detailed the basis of its privilege claim.

F. *Federal Circuit Court Decision.*

The Court of Appeals for the Federal Circuit opinion decided November 8, 1996, upheld the district court order. The Federal Circuit held:

(1) The standard of review to be applied to attorney-client privilege issues is whether there has been an abuse of discretion. App. at 6a-7a.

(2) The district court did not abuse its discretion in determining that the documents were not privileged. App. at 8a-9a.

(3) The district court did not abuse its discretion in determining that Dorf & Stanton had waived its claim to privilege by failing to comply with Local Rule 46(e)(2) and Federal Rules 45(d)(2) and 26(b)(5). App. at 9a.

The Federal Circuit fell into the same trap that claimed the district court. Local Rule 46(e)(2) and Federal Rule 26(b)(5) on their face do not apply to nonparties. Both the district court and now the Federal Circuit misinterpreted the Federal and the local rule. Dorf & Stanton fully complied with Federal Rule 45(d)(2), as Miller confirmed.

The Federal Circuit applied the wrong standard of review in upholding the district court's order. The majority of circuits review issues concerning the applicability of the attorney-client privilege *de novo*. The Federal Circuit reviewed the district court order under an abuse of discretion standard. The Federal Circuit claimed to have followed Second Circuit precedent. However, to the extent the Second Circuit follows an abuse of discretion standard, the Second Circuit is wrong.

REASONS FOR GRANTING THE WRIT

A. THIS COURT SHOULD RESOLVE A SPLIT AMONG THE CIRCUIT COURTS AND REQUIRE THAT PRIVILEGE ISSUES BE REVIEWED *DE NOVO* RATHER THAN BY AN ABUSE OF DISCRETION STANDARD.

The opinion issued by the Federal Circuit stated:

> According to the Second Circuit, "A trial court enjoys wide discretion in its handling of pre-trial discovery, and its rulings with regard to discovery are reversed only upon a clear showing of an abuse of discretion." *Cruden v. Bank of N.Y.*, 957 F.2d 961, 972 (2d Cir. 1992) (citations omitted).

. . .

> We have reviewed documents (A), (B), and (C) and are not convinced that Judge Patterson clearly abused his discretion when he ordered them produced.

App. at 6a-7a. While an abuse of discretion standard may well be suitable for ordinary discovery issues, the attorney-client privilege is hardly an ordinary discovery issue. In fact, this Court has noted that only by protecting attorney-client communications can the public interest in justice be served. *Upjohn Co. v. United States,* 449 U.S. 383, 389 (1981). Even the Federal Circuit itself has acknowledged that courts will go to extraordinary lengths to protect the attorney-client privilege, because maintaining the privilege "has substantial importance to the administration of justice, and because an appeal after disclosure of the privileged communication is an inadequate remedy." *In re Regents of Univ. of Calif.*, 101 F.3d 1386, 1387 (Fed. Cir. 1996), *petition for cert. filed*, 65 U.S.L.W. 3587 (U.S. Feb. 12, 1997) (No. 97-1289). By adopting an abuse of discretion standard of review, the Federal Circuit has not gone to the lengths which other circuits have gone to protect attorney-client communications and work product.

In their effort to protect attorney-client communications and work product, appellate courts have created an exception to the rule that discovery orders are not appealable until after final judgment. The exception recognizes that disputes over the attorney-client privilege are not merely routine discovery disputes, and so appellate courts will entertain privilege appeals as requests for a writ of mandamus. *In re Regents of Univ. of Calif.*, 101 F.3d at 1387; *Hahnemann Univ. Hosp. v. Edgar*, 74 F.3d 456, 461 (3d Cir. 1996) (doctor-patient privilege). Courts recognize that only by entertaining such writs can they protect privileged materials, because an appeal after final judgment, following the forced disclosure of the privileged material, would be inadequate. *Hahnemann*, 74 F.3d at 461.

The Federal Circuit failed to provide any meaningful review, simply deferring to the district court. Whether the district court was wrong became irrelevant, because the abuse of discretion standard applied by the Federal Circuit is "deferential and 'not appellant-friendly.' " *Texaco P.R. v. Department of Consumer Affairs*, 60 F.3d 867, 875 (1st Cir. 1995) (citations omitted); *see also Dopp v. Pritzker*, 38 F.3d 1239, 1253 (1st Cir. 1994) ("As its language suggests, the abuse-of-discretion framework constitutes a substantial obstacle for appellants who consider themselves aggrieved by discretionary decisions of the district court; most such appellants are destined to leave this court empty-handed.").

The Federal Circuit should have afforded the documents proper protection under the attorney-client privilege and work product doctrine by reviewing the district court's decision *de novo*. When the only issue before an appellate court is an issue of law, the appellate court should review the issue *de novo*. *Serrao v. Merit Sys. Protection Bd.*, 95 F.3d 1569, 1576 n.5 (Fed. Cir. 1996). *De novo* review is especially appropriate when the issue involves application of the attorney-client privilege or work product doctrine.

In *Better Gov't Bureau, Inc. v. McGraw (In re Allen)*, 106 F.3d 582, 601 (4th Cir. 1997), the Court of Appeals for the Third Circuit reviewed a district court's determination that communications between an attorney's investigator and the attorney's client were not protected. The district court had held that communications between such parties could never involve legal advice and, therefore, the attorney-client privilege could never apply. *Id.* The Third Circuit reviewed the decision *de novo* and held that such a ruling constituted legal error. *Id.* As in *Allen*, that the communications between the parties in this case could and did involve legal advice is clear and not at issue. The question before the district court in this case was whether communications between a client's attorneys and its public relations and advertising firms concerning legal advice with respect to the promotion of its patented process

and products, consistent with actual pending litigation, are protected by the attorney-client privilege and work product doctrine as a matter of law.

The majority of circuits, like the Third Circuit in *Allen*, have recognized that *de novo* review is proper when considering issues involving the attorney-client privilege. *United States v. Inigo*, 925 F.2d 641, 656 (3d Cir. 1991); *United States v. Campbell*, 73 F.3d 44, 46-47 (5th Cir. 1996); *In re Grand Jury Proceedings Oct 12, 1995*, 78 F.3d 251, 253-54 (6th Cir. 1996); *Simon v. G.D. Searle & Co.*, 816 F.2d 397, 399-400 (8th Cir. 1987); *United States v. Ortland*, No. 96-10,175, 1997 WL 117,953, at *2 (9th Cir. March 18, 1997); *In re Grand Jury Subpoenas*, 906 F.2d 1485, 1488 (10th Cir. 1990); *Cox v. Administrator U.S. Steel & Carnegie*, 17 F.3d 1386, 1413 (11th Cir. 1994).

However, the circuits have failed to apply a uniform standard of review for attorney-client privilege issues. In its ruling in this case, the Federal Circuit applied Second Circuit precedent which requires privilege issues be reviewed by the same standard applicable to other discovery issues, which is whether there has been an abuse of discretion. In *United States v. Adlman*, the Second Circuit held that the district court had not abused its discretion by requiring a corporation to turn over to the Internal Revenue Service a memorandum prepared by the corporation's auditors for the corporation's attorney regarding a loss claimed on the corporation's tax return. *United States v. Adlman*, 68 F.3d 1495, 1496-98 (2d Cir. 1995). *See also Greater Newburyport Clamshell Alliance v. Public Service Co. of N.H.*, 838 F.2d 13, 17 (1st Cir. 1988) (attorney-client privilege waiver issue reviewed for abuse of discretion).

Attorney-client and work product privileges cannot be protected in a uniform fashion when circuits use inconsistent standards of review. Thus, a district court ruling protecting a document from disclosure based on privilege may be sustained by

the Ninth Circuit using one standard of review, but reversed by the Second Circuit, even though the two communications being reviewed are identical or nearly so. This Court should end the disparate treatment which litigants face from the circuits as to the standard of review for attorney-client and work product privilege issues.

B. THE DISTRICT COURT INCORRECTLY INTERPRETED AND APPLIED THE FEDERAL AND LOCAL RULES OF CIVIL PROCEDURE IN HOLDING THAT DORF & STANTON HAD WAIVED THE PRIVILEGED STATUS OF THE DOCUMENTS.

1. Dorf & Stanton Was Governed Only by Federal Rules 45(c) and 45(d)(2), and Dorf & Stanton's Compliance With Those Rules Has Never Been Questioned.

When a subpoena is served on a nonparty, the procedure for claiming privilege is set forth in Federal Rule 45(c)(2)(B):

> Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of the subpoena. . . serve upon the party or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued;

and in Federal Rule 45(d)(2):

> When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.

Dorf & Stanton withheld the documents at issue in accordance with these rules. As required by Federal Rule 45(c)(2)(B), within fourteen days, it served written objections, including an objection that certain documents were privileged.

Miller did not object to the sufficiency of Dorf & Stanton's privilege logs. To the contrary, Miller's efforts to compel production confirm that Dorf & Stanton had provided "a description of the nature of the documents, communications, or things not produced that [was] sufficient to enable the demanding party to contest the claim," as required by Federal Rule 45(d)(2). Miller continued to accept the sufficiency of the privilege logs throughout its attempt to compel production before the district court. It was not until the district court, *sua sponte*, questioned the sufficiency of the logs that the issue of waiver based on failure to comply with Federal Rule 45(d)(2) arose.

Because Dorf & Stanton had claimed privilege in accordance with Federal Rule 45(d)(2), Miller had "a description of the nature of the documents, communications, or things not produced that [was] sufficient to enable the demanding party to contest the claim." Dorf & Stanton then provided even more detailed information concerning the basis for the claim of privilege in a subsequently prepared privilege log. Dorf & Stanton withheld and summarized the privileged documents strictly in accordance with the Federal Rules of Civil Procedure.

2. The Federal Circuit Wrongfully Upheld the District Court's Misinterpretation of Local Rule 46(e)(2) as Requiring Dorf & Stanton to Provide a Privilege Log More Detailed Than That Required by the Federal Rules.

The Federal Circuit opinion improperly upheld the district court's ruling that the attorney-client privilege had been waived because the First Log did not satisfy Local Rule 46(e)(2), which requires that a party responding to a document request disclose detailed information regarding the basis for the claimed privilege. This ruling was erroneous as a matter of law because (1) Local Rule 46(e)(2) applies only to parties, not nonparties, and (2) Federal Rule 83(a)(2) prohibits the application of a local rule more stringent than a Federal Rule to cause the loss of the attorney-client privilege.

a. Local Rule 46(e)(2) Applies Only to Nonparties.

Local Rule 46(e)(2) requires that a privilege log disclose detailed information regarding the subject document and its origin, as well as the author and recipient and their relationship to one another. However, the strict requirements of Local Rule 46(e)(2) are imposed only on parties. According to paragraph (e), the rule applies only "[w]here an objection is made to any interrogatory or sub-part thereof *or with respect to any document request under Fed. R. Civ. P. 34.*" (emphasis added). Federal Rule 34 applies only to one party's request to another party for the production of documents and things: "A person not a party to the action may be compelled to produce documents and things or to submit to an inspection *as provided in Rule 45.*" (emphasis added).

Because Local Rule 46(e)(2) applies only to documents produced pursuant to Federal Rule 34, and Federal Rule 34 applies only to documents produced by parties, Local Rule 46(e)(2) does not apply to documents produced by nonparty Dorf & Stanton. Yet the district court based its decision

that Dorf & Stanton had waived the attorney-client privilege partly on Dorf & Stanton's failure to comply with Local Rule 46(e)(2). The district court stated, "To hold otherwise would make Local Civil Rule 46(e) . . . meaningless." App. at 23a .

However, as previously discussed, Miller never objected to the privilege log submitted by Dorf & Stanton, either on the basis of Federal Rule 45(d)(2), or on the basis of Local Rule 46(e)(2). Rather, the district court, *sua sponte*, questioned whether Dorf & Stanton's initial privilege log satisfied Local Rule 46(e)(2). The district court's interpretation of Local Rule 46(e)(2) is wrong. Local Rule 46(e)(2) does not apply to a nonparty like Dorf & Stanton, and the district court erred when it interpreted Local Rule 46(e)(2) rule otherwise. Contrary to the district court's suggestion, preserving the privilege here does not render any local rule or Federal Rule meaningless.

b. Federal Rule 83(a)(2) Precludes the District Court From Using Local Rule 46(e)(2) to Find That Dorf & Stanton Waived the Attorney-Client Privileged Status of the Documents Listed on Its Privilege Log.

Federal Rule 83(a)(2) prohibits district courts from enforcing local rules to the extent they undermine the Federal Rules. "A local rule imposing a requirement of form shall not be enforced in a manner that causes a party to lose rights because of a nonwillful failure to comply with the requirement." FED. R. CIV. P. 83(a)(2).

> The expectation of the draftsmen of Rule 83 was that the power to make local rules would be used *only on rare occasions* when the civil rules deliberately had left gaps to be filled in the light of recognized local needs.

12 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 3152 (1973) (emphasis added).

Even if Local Rule 46(e)(2) could be read to apply to nonparties, the enactment of Federal Rule 83(a)(2) precludes its use to require nonparty Dorf & Stanton to produce a privilege log more detailed than that required by Federal Rule 45(d)(2). Federal Rule 45(d)(2) requires less stringent disclosure, which is satisfied by "a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim." FED. R. CIV. P. 45(d)(2). Local Rule 46(e)(2) requires that more details be disclosed in the privilege log, including:

> (1) the type of document; (2) general subject matter of the document; (3) the date of the document; (4) such other information as is sufficient to identify the document for a subpoena duces tecum, including, where appropriate, the author of the document, the addressee of the document, and, where not apparent, the relationship of the author and addressee to each other.

S.D.N.Y. CIV. R. 46(e)(2).

Although the local rule requires a more detailed privilege log than does Federal Rule 45(d)(2), failure to provide such detail cannot result in a waiver of the attorney-client privilege. Indeed, the very purpose of Federal Rule 83(a)(2) is to avoid the dire consequences that attorneys face who inadvertently fail to comply with local rules more strict than the Federal Rules. The comments to Federal Rule 83(a)(2) point out that the purpose of the rule is to:

> protect against loss of rights in the enforcement of local rules relating to matters of form. For example, a party should not be deprived of a right to a jury trial because its attorney, unaware of—or forgetting—a local rule directing that jury demands be noted in the caption of the case, includes a jury demand only in the body of the pleading.

FED. R. CIV. P. 83 advisory committee's note. Such is the situation when a local rule imposes different and more stringent obligations upon one invoking the attorney-client privilege than the Federal Rule does. Even if the local rule applied to nonparty Dorf & Stanton, it could not impose a waiver of the attorney-client privilege where Dorf & Stanton had unquestionably complied with the requirements of the Federal Rules.

In addition, imposing more stringent local restrictions on nonlocal attorneys would severely hamper the interdistrict subpoena practice encouraged by Federal Rule 45. The 1991 amendment to Federal Rule 45, which allows attorneys to issue subpoenas in any federal district, sought to ease the burden of interdistrict law practice. *See* FED. R. CIV. P. 45(a)(3)(B) and advisory committee's notes. Because Local Rule 46(e)(2) is likely to be known only to local practitioners (and obviously was not known even to Miller's counsel), Local Rule 46(e)(2) should not be made a trap for counsel involved in third-party subpoena practice. In analogous situations, other courts have struck down local rules inconsistent with the Federal Rules. *See, e.g., Radack v. Norwegian Am. Line Agency, Inc.*, 318 F.2d 538, 542-43 (2d Cir. 1963); *Farmer v. Arabian Am. Oil Co.*, 285 F.2d 720, 722 (2d Cir. 1960).

3. Waiver is Not a Mandatory Consequence of Either Rule At Issue.

The district court erred when it held that the attorney-client privilege had been waived by Dorf & Stanton. Waiver is not mandated by the language of either the Federal or local rules. In fact, district courts consistently reject waiver arguments under Federal Rule 45(d)(2) in all but those few instances where the subpoenaed party had notice of its failure, had an adequate time to comply, and nonetheless failed to cure. In *Ventre v. Datronic Rental Corp.*, No. 92 C 3289, 1995 WL 42,345 (N.D. Ill. Feb. 2, 1995), the court held that no waiver occurred where the privilege

log mistakenly was not served until three weeks after the subpoena's compliance date. *Id.* at *4-5. The court reasoned that "a failure to comply with Rule 45(d)(2) does not automatically result in a waiver of privilege claims." *Id.* at *4. *See also Winchester Capital Management Co. v. Manufacturers Hanover Trust Co.*, 144 F.R.D. 170 (D. Mass. 1992) (no waiver under Federal Rule 45(d)(2) where subpoenaed party failed to comply with the rule); *Rhone-Poulenc Rorer, Inc. v. Home Indem. Co.*, Civ. A. No. 88-9752, 1995 WL 33,105, at *1 (E.D. Pa. Jan. 23, 1995) (providing opportunity for subpoenaed party to comply with Federal Rule 45(d)(2)); *Hyundai Merchant Marine v. United States*, No. 89 Civ. 2025(PKL), 1991 WL 190,563, at *3-4 (S.D.N.Y. Sept. 16, 1991) (giving subpoenaed party time to comply with Local Rule 46(e)(2)); *Spitzer v. Shanley Corp.*, Nos. 89 Civ. 8549(MEL) & 90 Civ. 6041(MEL), 1992 WL 142,052, at *1 (S.D.N.Y June 5, 1992) (same). *See, e.g., Hartford Fire Ins. Co. v. PLC Enters., Inc.*, No. 93 C 6905, 1994 WL 148,664, at *5 (N.D. Ill. Apr. 21, 1994) ("Nothing in this Rule, however, suggests that waiver is automatic.").

Similarly, courts applying Local Rule 46(e)(2) have found waiver only where the party deliberately chooses not to comply, after sufficient notice. *See Allstate Life Ins. Co. v. First Trust Nat'l Ass'n*, No. 92 Civ. 4865(SWK), 1993 WL 138,844, at *3 (S.D.N.Y. Apr. 27, 1993) (waiver found because "despite repeated warnings that it was not satisfying the requirements of the court's local rules, counsel refused, 'quite flagrantly,' to make any meaningful compliance until faced with the prospects of sanctions."); *cf. Grossman v. Schwarz*, 125 F.R.D. 376, 386 (S.D.N.Y. 1989) (waiver not found even where violation of Local Rule 46(e)(2) was "particularly glaring").

Dorf & Stanton's actions never reflected any deliberate unwillingness to comply with either Federal Rule 45(d)(2) or Local Rule 46(e)(2). Dorf & Stanton responded to Miller's subpoena and claimed the attorney-client privilege within the

fourteen day limit set by Federal Rule 45(c)(2)(B). Dorf & Stanton then supplied the First Log within five weeks after receiving the subpoena. Subsequently, Dorf & Stanton submitted five detailed affidavits within thirteen weeks after receiving the subpoena. The district court and Federal Circuit majority have seemingly required that complete, detailed privilege logs must be provided within the fourteen day deadline of Federal Rule 45(c)(2)(B). However, such a requirement does not exist in the rules, and the type of response Dorf & Stanton provided to Miller's subpoena has been held to satisfy Federal Rule 45(d)(2) and Local Rule 46(e)(2). *Ventre,* 1995 WL 42325 at *3-5 (Fed. R. Civ. P. 45(d)(2) satisfied); *SEC v. Downe,* No. 92 Civ. 4092(PKL), 1994 WL 23,141, at *5 (S.D.N.Y. Jan. 27, 1994) (S.D.N.Y. Civ. R. 46(e)(2) satisfied).

Courts have also refused to impose waiver when the subpoenaing party is not prejudiced. For example, in *Hartford,* the subpoenaed entity failed to expressly assert its claim to the work product protection in its original response to the subpoena. *Hartford,* 1994 WL 148,664, at *5. The court ruled that the subpoenaing party had not been prejudiced and, thus, the privilege was not waived. *Id.*

Here, Miller has never claimed that it was prejudiced by the specificity of the First Log. Indeed, it was the district court, not Miller, that raised the issue of the specificity of the disclosure on November 22, 1994. The district court raised the specific issue of compliance with Local Rule 46(e)(2) *sua sponte* on January 4, 1995. However, by then, Dorf & Stanton had already submitted five affidavits which fully disclosed the basis for Dorf & Stanton's assertion of the attorney-client privilege.

The district court erred as a matter of law by interpreting the Federal and local rules in declaring that Dorf & Stanton waived its privilege claims. Dorf & Stanton complied fully and in good faith with the rules by submitting two privilege logs and five

affidavits describing in detail the basis for its privilege claims, and Miller suffered no prejudice. A ruling of waiver is not warranted.

CONCLUSION

The Court should reverse the Federal Circuit's ruling and remand the case for a *de novo* review of the district court order.

Respectfully submitted,

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

DORF & STANTON COMMUNICATIONS, INC. AND HILL, HOLLIDAY, CONNORS, COSMOOPULOUS, INC.,
Third-Party Respondents/ Appellants,
and
JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC., AND LABATT IMPORTERS, INC.,
Plaintiffs-Appellants,
against
MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA, LTD.,
Defendants-Appellees.

CASE NO. 95-1374

Opinion Filed and Judgment Granted: November 8, 1996

Before RICH, NEWMAND, and CLEVENGER, Circuit Judges. Opinion for the court filed by *Circuit Judge* RICH. Dissenting opinion filed by *Circuit Judge* NEWMAN.

OPINION

Dorf & Stanton Communications, Inc. (Dorf & Stanton), the public relations firm for Labatt's USA, Inc., appeals from the 19 January 1995 Order of the United States District Court for the Southern District of New York in M-885, requiring Dorf & Stanton to produce certain documents that it asserts are protected by the attorney-client privilege. 1995 U.S. Dist. LEXIS 507, 1995 WL 23603 (S.D.N.Y. 19 January 1995). We *affirm*.

I. Background

This case originated when Molson Breweries, Molson Breweries USA, Inc., Miller Brewing Co., Martlet Importing Co., and Molson Breweries of Canada, Ltd. (collectively Miller) filed a motion in the Southern District of New York, where Dorf & Stanton is located, to compel the production of "certain documents" by Dorf & Stanton. In this appeal, we must decide whether the district court abused its discretion when it held that Dorf & Stanton failed to establish that the documents are protected by the attorney-client privilege and ordered Dorf & Stanton to produce them.

The documents consist of notes taken by three Dorf & Stanton employees during a 9 May 1994 meeting attended by the following people: James Emmerton, General Counsel of John Labatt Limited; Bernard Beasley, the Intellectual Property Officer of John Labatt Limited; Rich Skawinski, Legal Compliance Officer of Labatt's USA, Inc; Steven Hauser, Brand Manager of Labatt's USA, Inc; Judy Cunningham, Brand Manager of Labatt's USA, Inc.; Alex Stanton, the President of Dorf & Stanton; Jock Soper of Dorf & Stanton; Beth Jabick, Account Supervisor of Dorf & Stanton; and various employees of Hill Holliday Connors Cosmopulous Advertising, Inc.

The documents are ostensibly relevant to two ongoing lawsuits, which have been consolidated for discovery, between

Labatt's and Miller pending in the United States District Court for the Eastern District of Michigan. Dorf & Stanton is not a party in either Michigan lawsuit.

At the hearing before the Federal Circuit, the panel requested the documents from Dorf & Stanton's attorneys and deferred action on the appeal. After several months of discussions with the Second Circuit, the district court, and the attorneys, the Chief Deputy Clerk of the Southern District of New York sent 114 pages of material to us. After sifting through that material, we have determined that three documents, totaling 13 pages, are at issue. Miller, however, mentions "four documents" at various places in its brief, but its confusion undoubtedly stems from changes that Dorf & Stanton made to the description of a single document between two versions of its privilege log, as discussed further below. Miller, not having the benefit of seeing this document, is counting it twice. We are confident that Miller wants unredacted copies of the handwritten notes taken by the three Dorf & Stanton employees who attended the 9 May 1994 meeting.

The appendices to this opinion includes two privilege logs. Log 1 is a copy of Dorf & Stanton's original privilege lot at issue in Miller's motion to compel. Log 2 is a more recent, expanded version of original Log 1. We have added letters to the left edge of each log to be able to readily identify key documents in this opinion.

Looking first at Log 1, documents (a), (b), (d), and (A) are the original four documents that Miller wanted produced. In response to Miller's motion to compel production of these documents, Judge Patterson of the Southern District of New York held a hearing on 22 November 1994. At the hearing, Judge Patterson offered to review the four documents in camera. Dorf & Stanton, however, had failed to bring the four documents to the hearing. Nevertheless, from his review of Log 1, the judge

concluded that he did not need to see the documents to order them produced, stating, "From what I saw [Log 1] they were not entitled to privilege, period."

In accordance with Judge Patterson's 22 November Order, Dorf & Stanton produced documents (a), (b), and (d). It did not, however, produce document (A), which relates to the 9 May 1994 meeting. Instead, it filed a motion for modification of the 22 November 1994 Order to shield document (A) from production. In its motion papers, Dorf & Stanton not only tried to justify withholding document (A) as privileged, but also wanted the court to go further and hold that documents (B) and (C) (see Log 2), which were not involved in the 22 November hearing and which were not listed on Log 1, but which relate to the same 9 May meeting, are also privileged. Documents (A), (B), and (C) are the handwritten notes taken by Alex Stanton, Jock Soper, and Beth Jabick, respectively, during that meeting. Apparently, while scrutinizing the four documents that Judge Patterson had ordered it to produce, Dorf & Stanton first realized the connection between documents (A), (B), and (C). Dorf & Stanton had previously produced documents (B) and (C) in redacted form several weeks before Miller filed its motion to compel production of the documents in Log 1.

On 8 December 1994, Miller received Log 2 from Dorf & Stanton. Log 2 includes documents (A), (B), and (C), as well as six other documents not on original Log 1. It thus includes eight new documents and does not include the three documents Dorf & Stanton produced in response to Judge Patterson's 22 November Order (i.e., (a), (b), and (d)).

With its motion for modification of the 22 November 1994 Order, Dorf & Stanton gave documents (A), (B), and (C) to the district court under seal; this was the first time the court had

actually seen any of these documents. In its memorandum supporting its motion, Dorf & Stanton made the following claim:

> On grounds of privilege, [Dorf & Stanton] withheld from production all of the notes taken by all of its employees who attended the May 9 meeting: Alex Stanton, Beth Jabick, and Jock Stoper . . . . However, Miller objected only to withholding Mr. Stanton's notes [document (a)], not those of Ms. Jabick [document (C)] or Mr. Soper [document (B)]. . . .[Dorf & Stanton] has provided the Court, under seal, copies of the unredacted versions of Ms. Jabick's and Mr. Soper's notes to demonstrate that all three sets of notes are privileged, and none should be produced.

On 4 January 1995, the district court conducted a hearing on Dorf & Stanton's motion for modification. In its resulting 19 January 1995 decision, the district court stated that it adhered to its original order. 1995 U.S. Dist. LEXIS 507, *4, 1995 WL 23603, *2. Part of the court's rationale for doing so included the following:

> [Dorf & Stanton] still [has] not established that the privilege ever existed as to any of the documents sought to be protected. . . . There has been no showing that [Dorf & Stanton was] seeking legal advice at the [9 May] meeting.[1] The documents themselves do not indicate either the seeking of legal advice or the confidentiality of their contents.

Id. at *3-*4, 1995 at *1 (footnote added). Somewhat confusingly, however, the district court made reference to documents (B) and (C) when it ordered "the documents

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[1]It is clear from the Dorf & Stanton affidavits submitted with the documents under seal that Labatt's USA, Inc. organized the meeting, not Dorf & Stanton.

submitted under seal . . . unsealed for production to [Miller] by January 23, 1994 [sic, 1995]." *Id.* at *4, 1995 WL at *2. The "documents submitted under seal" were documents (A), (B), and (C). We conclude, therefore, that Judge Patterson not only adhered to his 22 November 1994 Order to produce document (A), but also expanded that order to include related documents (B) and (C). This view is consistent with the view of Dorf & Stanton's attorneys in their letter of 14 May 1996 to this court. In that letter, an attorney representing Dorf & Stanton described "the three documents most relevant to this appeal." The descriptions correspond to documents (A), (B), and (C).

II. Standard of Review

Dorf & Stanton asserts that, although the normal standard of review regarding discovery is an abuse of discretion standard, the application of the attorney-client privilege presents a mixed question of law and fact, which should be reviewed de novo. Dorf & Stanton also asserts that the Second Circuit must be looked to for the proper standard of review. Miller disagrees with the standard of review asserted by Dorf & Stanton and asserts that the abuse of discretion standard applies.

Because an order compelling discovery is not unique to patent law, we agree that Second Circuit law must be considered for the proper standard of review. Cf. *American Standard Inc. v. Pfizer Inc.*, 828 F.2d 734, 739, 3 U.S.P.Q.2D (BNA) 1817, 1819 (Fed. Cir. 1987) (regional circuit law applies to orders *refusing* to compel discovery) (citing *Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1209, 2 U.S.P.Q.2D (BNA) 1034, 1036 (Fed. Cir. 1987); *Heat & Control, Inc. v. Hester Indus., Inc.*, 785 F.2d 1017, 1022 n.4, 228 U.S.P.Q. (BNA) 926, 929 n.4 (Fed. Cir. 1986)). According to the Second Circuit, "A trial court enjoys wide discretion in its handling of pre-trial discovery, and its rulings with regard to discovery are reversed only upon a clear showing of an abuse of discretion." *Cruden v. Bank of New York*,

957 F.2d 961, 972 (2d Cir. 1992) (citing *Robertson v. National Basketball Ass'n*, 622 F.2d 34, 35-36 (2d Cir. 1980); *Lehigh Valley Indus., Inc. v. Birenbaum*, 527 F.2d 87, 93 (2d Cir. 1975)).

III. Failure to Establish Privilege

We have reviewed documents (A), (B), and (C) and are not convinced that Judge Patterson clearly abused his discretion when he ordered them produced. In response to Miller's motion to compel production of document (A) and other documents, Dorf & Stanton failed to convince the district court with either its written or oral arguments that document (A) was privileged. Dorf & Stanton did not even take the documents in Log 1, including document (A), to the first hearing for the judge to review in camera. Only after being ordered to produce document (A) did Dorf & Stanton scrutinize that document and only after scrutinizing that document did Dorf & Stanton realize that it had treated the production of related documents (B) and (C) differently. Then, in its motion for modification of the 22 November Order to produce document (A), Dorf & Stanton finally put forth both its best arguments and evidence for withholding document (A) as privileged and its first clear attempt to shield documents (B) and (C) from production as privileged. The district court was not, however, convinced by Dorf & Stanton's arguments.

Dorf & Stanton thus had multiple opportunities to bolster its claimed privilege in these three documents, but failed to do so. This is not a case where a party inadvertently omitted documents from its privilege log and is getting "nailed" for its inadvertence. It also is not a case where a party merely failed to comply with what it asserts are technicalities of a demanding local rule. Rather, this is a case where a party failed to meet the requirements of a valid local rule, failed to treat related documents consistently, and then failed to use its best efforts to

cure the problems created by its first two failures until it was too late, coming in with full throttle only after a crash was imminent.

IV. Waiver of Privilege

Judge Patterson's 22 November Order compelled production of document (A) on the ground that Dorf & Stanton had waived its claim to privilege by failing to satisfy Local Civil Rule 46(e) and Rules 45 (d)(2) and 26(b)(5) of the Federal Rules of Civil Procedure. In particular, Dorf & Stanton "failed to provide a complete privilege log demonstrating sufficient grounds for taking the privilege." 1995 U.S. Dist. LEXIS 507, *1, 1995 WL 23603, *1. At the 4 January 1995 hearing, Dorf & Stanton also sought to protect documents (B) and (C), which it had not listed on Log 1 that had been found legally insufficient to support the claim of privilege. The district court's 19 January 1995 decision denied reconsideration of the earlier waiver ruling and concluded that the privilege had been similarly waived as to documents (B) and (C).

The Second Circuit has held that "[a] district court's finding that a defendant has waived the attorney-client privilege is reviewed under the abuse of discretion standard." *United States v. Bilzerian*, 926 F.2d 1285, 1293 (2d Cir.) (citing *In re von Bulow*, 828 F.2d 94, 101 (2d Cir. 1987)), *cert. denied*, 502 U.S. 813 (1991). Since we perceive no error in the determination that the privilege has been waived on the facts of this case, we cannot say that the district court abused its discretion in its alternative ground for compelling production of documents (A), (B), and (C) on the grounds of waiver of the privilege.

V. Conclusion

We cannot say that the district court clearly abused its discretion in determining after in camera review that Dorf & Stanton's documents are not privileged. Similarly, we cannot say

that the district court abused its discretion when it determined that Dorf & Stanton had waived any attorney-client privilege that it may have been able to claim for documents (A), (3), and (C) on attached Log 2. We must, therefore, affirm the district court's order of 19 January 1995 for Dorf & Stanton to produce documents (A), (B), and (C).

AFFIRMED

APPENDIX 1 of 2
LOG 1

LABATT ICE BEER LITIGATION
PRIVILEGED DOCUMENT LOG
DORF & STANTON

	Document Type	Date	Author	Recipient	CCs	Subject	Privilege Asserted
(a)	Memo	07/19/94	Dan Schutt	Steve Hauser Judy Cunningham	R. Skawinski W. Mears	Regarding press release for Labatt Ice, and release distribution	
(b)	Memo, with attachment	11/22/93	Linda Recupero	Steve Hauser	B. Jabick J. Soper A. Stanton	Recommended plan of action for pending litigation, with cover memo.	
(d)	Memo	06/30/94	Dan Schutt	Rick Skawinski	S. Hauser J. Cunningham W. Mears	Labatt Ice beer public relations plans	
(A)	Handwritten Notes	05/09/94			Linda	Regarding Ice Beer competition, and associated litigation	

APPENDIX 2 of 2

LOG 2

LABATT ICE BEER LITIGATION
LOG OF DOCUMENTS REDACTED OR WITHHELD BASED ON ATTORNEY/CLIENT PRIVILEGE AND WORK-PRODUCT RULE
DORF & STANTON

	Bates No.	Document Type	Date	Author	Recipient	CCs	Subject	Redaction
(A)	D.S. 00487-51	Handwritten Notes	5/9/94	Alex Stanton			Notes of meeting with Skawinski, Emmerton, and Beasley re: patented process, presentation of Labatt's trademarks and pending litigation	All notes
	D.S. 005237	Handwritten Notes	00/00/00	Jock Soper			Questions to Rick Skawinski	All notes re: questions
	D.S. 005240	Handwritten Notes	00/00/00	Jock Soper			Questions to Rick Skawinski re: patents	All notes re: questions
	D.S. 005243	Handwritten Notes	00/00/00	Jock Soper			Notes re: discussion with attorneys about patent and trademark infringement	Notes relating to attorneys' comments
	D.S. 004784-5 D.S. 005024-25	Memo	8/1/94	The Ice Team	Steve Hauser Judy Cunningham	W. Mears	Summer '94 Top-Line Activity Update/ July 25-29	Notes re: advice from B. Gregory & R. Skawinski

Continued on next page.

	Bates No.	Document Type	Date	Author	Recipient	CCs	Subject	Redaction
	D.S. 03569-70 D.S. 004786-87 D.S. 004788-89	Memo	7/5/94	The Ice Team	Steve Hauser Judy Cunningham		Summer '94 Top-Line Activity update/ June 27-July 1	Discussion re: legal advice given by R. Skawinski
(B)	D.S. 004616-19	Handwritten Notes	5/9/94	Jock Soper			Notes of meeting with Skawinski, Emmerton, and Beasley re: patented process, presentation of Labatt's trademarks and pending litigation	All notes re: discussion
	D.S. 003273	Fax Transmission	4/18/94	Paul W. Smith	Rich Fogarty		Press release re: patent	Legal instructions to client re: patent and press release
(C)	D.S. 002379-80D	Handwritten Notes	5/9/94	Beth Jabick			Notes of meeting with Skawinski, Emmerton and Beasley re: patented process, presentation of Labatt's trademarks and pending litigation	All notes re: discussion

DISSENT BY: NEWMAN
DISSENT: NEWMAN, *Circuit Judge,* dissenting.

The Miller Brewing Company served third party subpoenas, returnable in the Southern District of New York, on Dorf & Stanton Communications, Inc. and Hill, Holliday, Connors, Cosmopulous, Inc., the public relations and advertising agents of the Labatt companies. Labatt is engaged in patent and trademark litigation with Miller Brewing and the other appellees, in federal court in Michigan. The subpoenas seek discovery, document production, and testimony related to issues involved in the Michigan litigation.

This appeal concerns a claim of attorney-client privilege for certain records of a meeting among Labatt's lawyers and employees, representatives of Dorf & Stanton, and representatives of Hill, Holliday. The records are handwritten notes taken at the meeting by three Dorf & Stanton principals. Included in the notes are details of the issues in litigation, statements of Labatt's legal strategy in the litigation, legal advice concerning advertising use of the trademarks that are in litigation in view of the litigation positions, legal advice concerning public relations in view of the litigation positions, and other information concerning litigation issues as they relate to the advertising and public relations activities of Dorf & Stanton and Hill, Holliday on behalf of Labatt.

The panel majority holds that these notes and the meeting itself do not warrant the protection of the attorney-client privilege or work product immunity. I can not agree. The information recorded in the notes is directly concerned with litigation issues, is confidential legal advice and litigation information, and was exchanged between Labatt's counsel and agents of Labatt in order to protect Labatt's legal interests. Federal Rule of Civil Procedure 26(b)(3) requires the court to "protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of an

attorney or other representative of a party concerning the litigation." The information here at issue involves mental impressions, conclusions, opinions, and legal theories of Labatt's attorneys concerning the ongoing litigation. Thus I respectfully dissent from the panel majority's holding that there is no privilege or that it has been waived or otherwise lost.

The Agency Relationship

It is well established that communications between the lawyer and agents of the client, concerning the client's legal interests as necessary and reasonable to the agency function, do not destroy the privileged nature of such communications. Applying Second Circuit law, *see United States v. Kovel,* 296 F.2d 918, 922 (2d Cir. 1961) (communications between agent who assists client in his business and client's lawyer is privileged), a client that conducts its business through an agent does not thereby lose the attorney-client privilege for information that is exchanged between the client's attorney and agent. Communications concerning the client's legal and litigation interests as relevant to the agency's function are no less privileged than if the exchanges were directly between attorney and client. *See U.S. v. Schwimmer,* 892 F.2d 237, 244 (2d Cir. 1989) (protection afforded by privilege extends to communications made to agents assisting client or assisting client's attorney); *cf. In re Bieter Co.,* 16 F.3d 929 (8th Cir. 1994) (presence of an outside consultant who is intimately involved with the client's business does not waive the privilege when it is clear that the communications with the consultant are for the purpose of legal advice on the client's behalf).

Privilege attaches to communications with agents in part because of their role in the client's ability to act upon and give effect to the legal advice that the privilege encouraged the client to obtain. *See* Paul R. Rice, ATTORNEY-CLIENT PRIVILEGE IN THE UNITED STATES § 5:7 at 334 (1993).

Rice explains that agents who communicate with the client's counsel on legal and litigation matters within the scope of their agency represent the confidential interest of the client in such communications. *Id.* Further, the precedent of the Southern District of New York illustrates that the presence of a third-party agent does not destroy the attorney-client privilege. In *H.W. Carter & Sons, Inc. v. The William Carter Co.,* 1995 WL 301351 (S.D.N.Y. 1995) the court held that the presence of a public relations consultant did not destroy the privilege.

Thus the attorney-client privilege attaches to confidential communications to which agents are privy because of the client's employment of the agents to conduct the activities having legal and litigation import. The meeting of Labatt's advertising agent and public relations agent with Labatt's attorney, for the purpose of assuring that the agents take legally correct actions on the client's behalf, is fully within the safeguard of the attorney-client privilege.

Violation of Local Rule 46(e)

The panel majority proposed the alternative ground of loss of the privilege based on the respondents, inadequate compliance with the district court's local rule. Again, I respectfully dissent. The procedures followed do not warrant this result.

Miller Brewing served a broad discovery subpoena on Dorf & Stanton to take depositions of unnamed persons on broad subjects including: "Any work performed by Dorf & Stanton on behalf of Labatt in connection with (a) 'ice beer' including without limitation Labatt Ice; or (b) the Ice Litigation..."; "Communication plans or publicity plans for (a) 'ice beer' including without limitation Labatt Ice; or (b) the Ice Litigation..."; press releases, promotions and media tours for Ice Beer and "any instructions, objectives, or goals provided to Dorf & Stanton by Labatt concerning (a) 'ice beer' including

without limitation Labatt Ice; (b) the Ice Litigation; or (c) the use of the term 'ice.'" In sum, the subpoena demanded all documents in Dorf & Stanton's possession relating to the deposition topics, including "the Ice Litigation."

Dorf & Stanton replied to the subpoena within the 14 days set in Fed. R. Civ. P. 45(c)(2)(B), and raised the issues of attorney-client privilege and work-product protection. Subsequently, Dorf & Stanton produced responsive non-privileged documents and filed a brief description of the four documents that had been withheld as privileged. See Fed. R. Civ. P. 45(d)(2). Miller Brewing moved to compel production of the documents listed on the first privilege log, without objecting to the description of the privileged documents. The trial judge ordered production of the documents. Dorf & Stanton produced three of the four documents, and provided a second, more detailed, privilege log to which was added two documents that had previously been produced in totally redacted form but that had not also been listed on the first log. The trial judge found this description insufficient under the court's Local Rule 46(e). Rule 46(e)(2)(ii)(A) lists the information that shall be provided in the objection to a document request:

> (A) for documents: (1) the type of document; (2) general subject matter of the document; (3) the date of the document; (4) such other information as is sufficient to identify the document for a subpoena duces tecum, including, where appropriate, the author of the document, the addressee of the document, and, where not apparent, the relationship of the author and addressee to each other;

The logs attached to the panel majority's opinion show how these requirements were met. Indeed, the panel majority does not mention any alleged deficiencies. Neither does Miller Brewing.

Miller Brewing argues that because Dorf & Stanton did not provide a complete privilege log within two weeks of the service of the subpoena, with all documents for which a claim of privilege was made, Dorf & Stanton failed to comply with the rules. The consequence, according to Miller Brewing, is loss of the privilege. The premise is incorrect. Dorf & Stanton responded to the subpoena within 14 days stating that it was claiming the attorney-client privilege, provided a privilege log at the time of responding, and corrected its minor errors without any assertion by Miller Brewing that it had been prejudiced. Local Rule 46 does not require that a complete privilege log be filed within 14 days of service of the discovery subpoena. *Cf. Ventre v. Datronic Rental Corp.*, 1995 U.S. Dist. LEXIS 1199, 1995 WL 42345, *3-*5 (N.D. Ill. Feb. 2, 1995) (privilege claims are asserted "at or before the time specified for compliance with the subpoena").

Even if there were inadequate initial compliance with the local rule, if the inadequacy was remedied and absent prejudice the consequence is not automatic loss of the privilege. Cf. *Ventre,* 1995 U.S. Dist. LEXIS 1199, 1995 WL 42345 at *4 ("a failure to comply with [Federal] Rule 45(d)(2) does not automatically result in a waiver of privilege claims"). Local rulings to this effect include *Hyundai Merchant Marine v. United States,* 1991 U.S. Dist. LEXIS 13012, 1991 WL 190563, *4 (S.D.N.Y. Sept. 16, 1991) (giving subpoenaed party time to comply with local rule); and *Grossman v. Schwarz,* 125 F.R.D. 376, 386 (S.D.N.Y. 1989) (no waiver of privilege even when violation of Local Rule 46(e) was "particularly glaring").

In reviewing the denial of a claim of privilege it is always necessary to consider the nature of the proposed discovery and the content of the withheld documents. Dorf & Stanton provided five affidavits describing the basis of its privilege claims for the three documents at issue. The panel majority has not discussed the local rule, its reasonable compliance, the subject matter of the challenged documents, and the absence of prejudice. All of these

factors should be considered before endorsing a blanket elimination of the attorney-client privilege on the ground of a local rule that was not, in fact, violated. Thus I can not agree that the privilege was correctly deemed waived in these circumstances.

APPENDIX B

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC., AND LABATT IMPORTERS, INC., *Plaintiffs,* against	N.Y. Misc. No. M885
MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA, LTD., *Defendants.*	Hon. Robert P. Patterson Judge Presiding

ORDER

Motion granted in part after hearing argument on November 22, 1994.

1. Depositions of Dorf & Stanton and Hill Holliday will be held on mutually convenient dates between December 5 and 16, 1994.

2. On December 1, 1994, Hill Holliday and Dorf Stanton will produce all the documents subpoenaed except the transcripts of such witnesses which are subject to a protective order issued in Anheuser-Busch, Inc. v. Labatt in the Eastern District of Missouri. Document production shall include documents relating to the use of "ice" in connection with beer by other beer companies and documents on Dorf & Stanton's "lawyer client privilege list." Dorf and Stanton has not shown that the lawyer client privilege has been properly taken with respect to any of those documents or that other companies' use of the term "ice" would not lead to relevant evidence in the trademark case.

3. The plaintiffs agree that if the transcripts of Dorf & Stanton and Hill Holliday are released for use in this action judge grants that defendants will have the right to use such witness testimony de bene esse for trial.

SO ORDERED.
Robert P. Patterson, Jr. U.S.D.J.
11/22/94

APPENDIX C

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC., AND LABATT IMPORTERS, INC.,
Plaintiffs,

against

MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA, LTD.,
Defendants.

N.Y. Misc. No. M885

Hon. Robert P. Patterson
Judge Presiding

Decided: January 19, 1995
Filed: January 20, 1995

OPINION AND ORDER

Motion for reargument denied.

At the original hearing on November 22, 1994 in this Part I motion to compel third party respondents Dorf & Stanton Communications, Inc. and Hill, Holliday, Connors, Cosmopulous, Inc.

("Third Parties"), failed to comply with Local Civil Rule 46(e) and Rules 45(d)(22) and 26(b)(5) of the Federal Rules of Civil Procedure in their assertions of privilege by failing to provide a complete privilege log demonstrating sufficient grounds for taking the privilege. Their counsel, who is also counsel to Plaintiffs, also failed to bring the documents demanded to the hearing on Defendant's motion to compel, so that when the Court requested review of the documents in camera, they were not available. Accordingly, Defendants' motion to compel was granted from the bench at the hearing on November 23, 1994.

On December 16, 1994, the Third Parties filed a motion to modify the court's order of November 22, 1994 to preclude discovery on one of the documents covered by that order and two other documents which were not on the privilege log and which had been withheld from production to Defendants.[1] On December 28, 1994, Defendants crossed-moved for production of the additional documents and for copies of the depositions of witnesses from the two Third Parties in a related litigation between Plaintiffs and Anheuser-Busch, Anheuser-Busch v. Labatt, No. 93 Civ. 251 CFG (E.D. Mo.), (the "Anheuser-Busch Litigation"), based on a waiver it had received from Anheuser-Busch. After initially objecting to Defendants' late cross-motion, Plaintiffs waived said late notice allowing the Court to proceed to consider the cross-motion.

On its motion for modification, Plaintiffs' so-called new evidence consists of material it had a duty under the Federal Rules of Civil Procedure to bring to the court's attention in order to carry its burden to establish its claims of privilege. *See United States v. Schwimmer*, 892 F.2d 237, 244 (2d Cir. 1989). Having ignored that obligation, Plaintiffs' counsel, who is also appearing

[1] Plaintiffs' motion for reargument is timely since it was brought within ten days of the docketing of the original order which was delayed due to the moving of the Clerk's Office.

for the Third Parties, should not be entitled to readdress the question here. To hold otherwise would make Local Civil Rule 46(e) and Rules 45(d) and 26(g) of the Federal Rules of Civil Procedure meaningless.

Furthermore, the Third Parties still have not established that the privilege never existed as to any of the document sought to be protected. The documents are notes of personnel of the independent advertising agencies representing Plaintiffs made at a meeting scheduled to assist them in marketing and advertising Plaintiffs' product, "Ice Beer"; Plaintiffs' attorneys were present at this meeting. There has been no showing that the Third Parties were seeking legal advice at the meeting. Rather, it appears that Plaintiffs were briefing the personnel of the Third Parties so that the content of the advertising placed by the agencies would not undercut the theories expounded in the litigation. The documents themselves do not indicate either the seeking of legal advice or the confidentiality of their contents. Having explained these theories and, incidentally, the pending litigation to Third Parties rather than conducting such discussions in-house, Plaintiffs are not entitled to claim attorney-client privilege.

Accordingly, the Court adheres to its original ruling, and the documents submitted under seal are ordered unsealed for production to defendants by January 23, 1994.

With respect to defendants' motion for copies of the depositions of the witnesses of the Third Parties taken pursuant to a confidential order issued by Judge Gunn in the Anheuser-Busch Litigation, although Defendants have shown that such depositions could lead to relevant evidence, they have not shown need for such depositions until after the testimony in the Anheuser-Busch trial is completed this spring. Accordingly, these depositions are ordered to be produced to defendants by the Third Parties within ten days of the close of testimony in that litigation unless the third

Parties move from an order by Judge Gunn setting aside this order prior thereto.

Because there is no just reason for the delay of an appeal from this order the court directs that this order be entered as a final judgment under Fed. R. Civ. P. 54(b). The production of documents shall thereafter be stayed until further order of this Court if Dorf & Stanton files a Notice of Appeal from this order within 30 days after its entry. If no Notice of Appeal is filed within that period, this order shall become enforceable on the 31st day after its entry.

IT IS SO ORDERED.

Dated: January 19, 1995
New York, New York

Robert P. Patterson, Jr.

APPENDIX D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC., AND LABATT IMPORTERS, INC.,

Plaintiffs,

against

MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA, LTD.,

Defendants.

N.Y. MISC. NO. M8-85
CASE NOS. 93 CV 75004
94 CV 71540
(E.D. MICHIGAN)

JUDGMENT

Defendants having moved to compel third party respondents Dorf & Stanton Communications, Inc. and Hill, Holliday, Connors, Cosmopulous, Inc. to produce certain documents, and the said motion having come before the Honorable ROBERT P. PATTERSON, U.S.D.J., thereafter the Court having granted defendants' motion, the third parties then having moved to modify the Court's Order of November 22, 1994, defendants having cross-moved for production of the additional documents and for copies of the depositions of witnesses from the two Third

Parties in a related litigation between Plaintiffs and Anheuser-Busch, *Anheuser-Busch v. Labatt,* No. 93 Civ. 251 GFG (E.D. Mo.), (the "*Anheuser-Busch* Litigation") based on a waiver it had received from Anheuser-Busch, and the Court thereafter on January 20, 1995, having rendered its memorandum opinion and order (#74218); the Court adhering to its original ruling, and ordering the documents submitted under seal unsealed for production to Defendants by January 23, 1995, with respect to Defendants' motion for copies of the depositions of the witnesses of the Third Parties taken pursuant to a confidential order issued by Judge Gunn in the *Anheuser-Busch* Litigation, although Defendants have shown that such depositions could lead to relevant evidence, they have not shown need for such depositions until after the testimony in the *Anheuser-Busch* trial is completed this spring, and ordering these depositions to be produced to Defendants by the Third Parties within ten days of the close of testimony in that litigation unless the Third Parties move from an order by Judge Gunn setting aside this order prior thereto, and there being no just reason for delay of an appeal from the Court's order, the Court directs the order be entered as a final judgment under F.R.Civ.P. 54(b), and the production of documents shall thereafter be stayed until further order of this Court if Dorf & Stanton files a Notice of Appeal from the Court's Order within thirty days after its entry, if no Notice of Appeal is filed within that period the Court's Order shall become enforceable on the 31st day after its entry, it is,

ORDERED, ADJUDGED AND DECREED: That the Court adheres to its original ruling, and the documents submitted under seal be and they are hereby unsealed for production to Defendants by January 23, 1995, and it is further,

ORDERED, with respect to Defendants' motion for copies of the depositions of the Witnesses of the Third Parties taken pursuant to a Confidential order issued by Judge Gunn in the *Anheuser-Busch* Litigation, although Defendants have shown that such depositions could lead to relevant evidence, they have not

shown need for such depositions until after the testimony in the *Anheuser-Busch* trial is completed this spring, accordingly these depositions are ordered to be produced to Defendants by the Third Parties within ten days of the close of testimony in that litigation unless the Third Parties move from an order by Judge Gunn setting aside this Court's Order prior thereto, and it is further,

ORDERED, that production of documents shall thereafter be stayed until further order of this Court if Dorf & Stanton files a Notice of Appeal from this Court's Order within 30 days after its entry, if no Notice of Appeal is filed within that period, this Court's Order shall become enforceable on the 31st day after its entry.

DATED: **New York, New York**
January 27, 1995

/s/ JAMES M. PARKISON
Clerk

By: /s/ RONALD A. CHURCH
Deputy Clerk

APPENDIX E

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 2032—August Term 1994

DORF & STANTON COMMUNICATIONS, INC. AND HILL, HOLLIDAY, CONNORS, COSMOPULOUS, INC.,
Third-Party-Respondents-Appellants,

and

JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC., AND LABATT IMPORTERS, INC.,
Plaintiffs,

v.

MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA, LTD.
Defendants-Appellees.

Docket No. 95-7176

Argued: April 4, 1995
Decided: May 30, 1995

Before NEWMAN, Chief Judge, and WINTER and MAHONEY, Circuit Judges.

OPINION

Motion to dismiss appeal from the January 20, 1995, judgment of the United States District Court for the Southern District of New York (Robert P. Patterson, Jr., Judge) rejecting defenses to discovery requests in consolidated proceeding in aid of patent and trademark actions.

Appeal transferred to Court of Appeals for the Federal Circuit.

LAWRENCE I. FOX, Julie Day Marion, McDermott, Will & Emery, New York, N.Y.; Byron L. Gregory, Roger W. Wenthe, McDermott, Will & Emery, Chicago, Illinois, *submitted a brief for Third-Party-Respondents-Appellants.*

ETHAN HORWITZ, Darby & Darby, New York, N.Y., *submitted a brief for Defendants-Appellees.*

JON O. NEWMAN, Chief Judge:

This motion to dismiss an appeal from a discovery ruling presents an esoteric issue arising within the dual-track appellate regime existing with respect to the Court of Appeals for the Federal Circuit and the regional courts of appeals. The precise issue is which appellate court has jurisdiction over an appeal from a privilege ruling entered in a district court discovery proceeding that is in aid of two separately filed actions in another district, one of which arises under the patent laws. We conclude that jurisdiction is in the Court of Appeals for the Federal Circuit, and we therefore transfer the appeal pursuant to 28 U.S.C. § 1631 (1988).

Facts

John Labatt Ltd, and affiliated companies ("Labatt") filed two lawsuits against Molson Breweries and affiliated companies ("Molson") in the Eastern District of Michigan. One suit, 93 CV 75004 DT ("the trademark action"), alleges trademark infringement, and the other suit, 94 CV 71540 DT ("the patent action"), alleges patent infringement. Molson alleges that these suits have been consolidated for discovery purposes, but that characterization may somewhat overstate the matter. Inquiry of the Eastern District of Michigan discloses that no order of consolidation, for discovery or otherwise, has been entered. We

are advised, however, that the Eastern District trial judge informed the parties in a telephone conference that discovery in the two cases should proceed together. In September 1994, counsel for defendants caused a subpoena *duces tecum* to be issued by the District Court for the Southern District of New York, directing Dorf & Stanton Communications, Inc. ("Dorf"), appellant in this Court, to appear for a deposition and produce designated documents.[1] Dorf is a Manhattan public relations firm, retained by Labatt. The subpoena bears the two case numbers of both Michigan actions.

Dorf partially complied with the subpoena but withheld some of the requested documents on grounds of privilege, work-product, and relevance. On Molson's motion to compel, the District Court (Robert P. Patterson, Jr., Judge) granted the motion and, after denying reconsideration, directed that judgment enter under Fed. R. Civ. P. 54(b). Dorf appealed, and Molson has moved to dismiss the appeal on the ground that exclusive jurisdiction over an appeal from a decision in a patent case lies with the Court of Appeals for the Federal Circuit.

Discussion

The Court of Appeals for the Federal Circuit has exclusive jurisdiction over "an appeal from a final decision of a district court of the United States. . . if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title [28], except that a case involving a claim arising under any Act of Congress relating to. . . trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title [28]." 28 U.S.C. § 1295(a)(1) (1988). In cases where the Federal Circuit has appellate jurisdiction, that

[1] The motion papers in this Court also identify Hill, Holliday, Connors, Cosmopulous, Inc, as a third-party respondent-appellant, though it has not filed a notice of appeal.

jurisdiction extends to appeals from appealable orders in ancillary discovery proceedings. *See Micro Motion, Inc. v. Kane Steel Co.*, 894 F.2d 1318, 1320.(Fed. Cir. 1990); *Solarex Corp. v. Arco Solar, Inc.*, 870 F.2d 642, 643 (Fed. Cir. 1989); *Heat & Control, Inc. v. Hester Industries, Inc.*, 785 F.2d 1017, 1021 (Fed. Cir. 1986).

The ruling challenged in the pending appeal was entered in a proceeding brought in the Southern District of New York ancillary to two actions in the Eastern District of Michigan, one of which (the patent action) is based on section 1338 and is not within the exception for trademark suits. The New York proceeding carries one Southern District case number (N.Y. Misc. No. M885) and both Michigan case numbers. Our issue is whether the jurisdiction of the Southern District of New York is "based, in whole or in part, on section 1338" and is not "a case involving...trademarks and no other claims under section 1338(a)" within the meaning of section 1295(a)(1).

At first glance, it would seem clear that the jurisdiction of the ancillary proceeding in the Southern District is based in part on the patent laws, thereby routing appellate jurisdiction to the Federal Circuit. Only one "case" is pending in that Court, and the Court's jurisdiction over that case is based in part on the patent laws since it is being asked to enforce a subpoena in a patent case.

Some doubt is engendered, however, by pronouncements of the Federal Circuit itself. In *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed, Cir. 1985), the Federal Circuit considered its jurisdiction over an appeal from a judgment entered in a proceeding in which separate patent and trademark actions had been consolidated. The Court concluded it had jurisdiction over the entire appeal, but the ruling was not based, as might have been anticipated, simply on the fact that the consolidated action involved a patent suit; instead, the Federal Circuit noted that "[t]he appeal from the consolidated action involves at least a

portion of the patent claim, i.e., the award of attorney fees under 35 U.S.C. § 285, which is part of the patent statute." *Id.* at 681. The implication seems to be that the nature of the issues affects the Federal Circuit's appellate jurisdiction.

That implication, however, is rendered doubtful by the language used the following year in *Bandag, Inc. v. Al Bolser's Tire Stores*, 750 F.2d 903 (Fed. Cir. 1984). In *Bandag* a complaint alleged both patent and trademark infringement. From a judgment upholding the trademark claim but rejecting the patent claim, the defendant took an initial appeal to challenge the trademark ruling, and the plaintiff took a subsequent appeal to challenge the patent ruling. The Federal Circuit ruled that it had jurisdiction over both appeals. Again, however, it did not rest on the fact that the district court's jurisdiction had rested in part on the patent laws. Instead, the Court noted that the patent and trademark claims could have been resolved in separate trials, but in fact were resolved in one trial. Though the Court explicitly noted that "issue analysis" is not determinative, *id.* at 908, it relied on "an analysis of the jurisdictional basis of the appealed *claims* as each was correctly pled, accepted, and tried," *id.* (emphasis added). The Court added, somewhat cryptically, "The term 'case' in this context refers collectively to the proceedings that transpired at the district court level when viewed pragmatically at the time of the appeal." *Id.* And, somewhat more cryptically, the Court reserved the issue of whether it would have jurisdiction "in a case in which no appeal is brought of the patent issues." *Id.*

We have noted that where a consolidated complaint is filed, we, must "consider the jurisdictional basis of each complaint separately," *Cole v. Schenley Industries, Inc.*, 563 F.2d 35, 38 (2d Cir. 1977), since consolidation "is a procedural device" that "does not change the rights of the parties in the separate suits," *id.* And the Federal Circuit has noted that, conversely, a separation for separate trial of claims previously joined in one

complaint does not defeat the Federal Circuit's jurisdiction over a complaint resting in part on the patent laws. *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1430 (Fed. Cir. 1984). However, for purposes of its appellate jurisdiction, the Federal Circuit appears to attach greater significance to consolidation than our decision in *Cole* would suggest. In *In re Innotron Diagnostics*, 800 F.2d 1077, 1080 (Fed. Cir. 1986), the Federal Circuit exercised appellate jurisdiction over an entire consolidated case, where jurisdiction was based in part on the patent laws.

In the pending case, it might be possible to view the Southern District proceeding as two ancillary matters, joined together for administrative convenience, but nonetheless resting on the separate jurisdictional bases that underlie each of the separate Michigan actions. That approach, however, seems inconsistent with the Federal Circuit's approach in *Innotron* and *Interpart*. The Southern District proceeding is one consolidated case, part of which is ancillary to a claim under the patent laws, and, perhaps more significantly, the challenged ruling is a single rejection of discovery defenses that appear to apply equally to the patent action and the trademark action. Under these circumstances, we agree with Molson that jurisdiction lies with the Federal Circuit. Of course, if that Court should conclude that we have overread its jurisdiction, at least to the extent that the Southern District ruling affects the trademark action, we would gladly resume our appellate jurisdiction. We do not agree with Molson, however, that the remedy is dismissal of the appeal; the appropriate remedy is a transfer. *See* 28 U.S.C. § 1631 (1988).

Accordingly, the appeal is transferred to the Court of Appeals for the Federal Circuit.

APPENDIX F

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the thirtieth day of May, one thousand nine hundred and ninety-five.

PRESENT: The Hon. JON O. NEWMAN, Chief Judge
The Hon. RALPH K. WINTER, Circuit Judge
The Hon. J. DANIEL MAHONEY, Circuit Judge

DORF & STANTON COMMUNICATIONS, INC. AND HILL, HOLLIDAY, CONNORS, COSMOPULOUS, INC.,
Third-Party-Respondents-Appellants,
and
JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC., AND LABATT IMPORTERS, INC.,
v.
MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA LTD.,
Defendants-Appellees.

Docket No. 95-7176

MANDATE

A motion to dismiss the appeal having been made in the United States District Court for the Southern District,

ON CONSIDERATION THEREOF, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that said motion be, and it hereby is, denied.

IT IS FURTHER ORDERED that said appeal be, and it hereby is, transferred to the Court of Appeals for the Federal Circuit.

SO ORDERED: FOR THE COURT
GEORGE LANGE III, CLERK
By: /s/ Beth J. Meador
Beth J. Meador, Administrative Attorney
Dated: May 30, 1995

APPENDIX G

UNITED STATES COURT OF APPEALS
FEDERAL CIRCUIT

DORF & STANTON COMMUNICATIONS, INC. and HILL, HOLLIDAY, CONNORS, COSMOOPULOUS, INC.,
Third-Party Respondents/Appellants,
and JOHN LABATT LIMITED, LABATT BREWING COMPANY LIMITED, LABATT'S USA INC. AND LABATT IMPORTERS, INC.,
Plaintiffs-Appellants,
against
MOLSON BREWERIES, MOLSON BREWERIES U.S.A. INC., MILLER BREWING CO., MARTLETT IMPORTING CO., AND MOLSON BREWERIES OF CANADA, LTD.,
Defendants-Appellees.

CASE NO. 95-1374

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLANT, and a response thereto having been invited by the court and filed by the APPELLEE, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, **DENIED** and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, **DECLINED**.

The mandate of the court will issue on January 17, 1997.

FOR THE COURT,
JAN HORBALY, CLERK

Dated: January 10, 1997

/s/ Brian LeDuc

Brian P. LeDuc
Associate Chief Deputy Clerk

cc: Byron L. Gregory
Ethan Horwitz